



5/013/002

United States Forest
Department of Service
Agriculture

Ashley National Forest
Duchesne Ranger District
P.O. Box 981
Duchesne, Utah 84021

File Code: 2810

Date: January 5, 1998

Uintah Mountain Copper Company
341 South Main Street
Suite 401
Salt Lake City, Utah 84111

Dear Mike,

Enclosed are copies of approved Plan of Operation and Modification for the Sunshine Quartz/Hematite Claims Project.

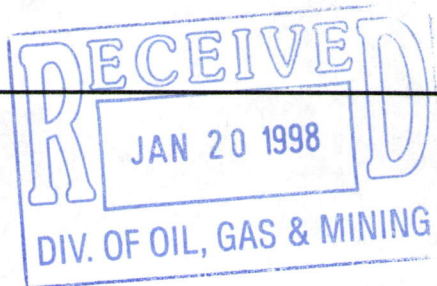
Please call Clarice, if you have any questions at (801) 738-2482.

Sincerely,

JOSEPH R. BISTRYSKI
District Ranger



UINTAH MOUNTAIN COPPER COMPANY
341 SOUTH MAIN STREET
SUITE 401
SALT LAKE CITY, UTAH 84111
(801) 530-1045



UMCC

Ashley National Forest
Duchesne Ranger District
P.O. Box 981
Duchesne, Utah 84021

December 4, 1997

Attn: Joseph R. Bistrski, District Ranger

Re: **Proposal for Modification of POO: Addendum #3**
Sunshine Quartz/Hematite Claims Project
Revision of Phase 1 Test Pit Plans for 1998 Onsite Development Work

As discussed in our meeting of November 10, 1997, Uintah Mountain Copper Company requests your agency's concurrence with our proposal for completion of Phase 1 sample ore removal and other minor site improvements and support activities during 1998 for the above noted project. The details of this work are specified herein and should be made part of the active Plan of Operation for the project.

1998 activities will remain within Phase 1 areas that have previously been approved and will not require additional surface disturbance. This modification of the Phase 1 plan will also allow UMCC to postpone start of planned Phase 2 and 3 development activities until the summer of 1999, thus providing the USFS with ample time to initiate and complete Environmental Assessment work on these development phases.

Please review the attached addendum. If the Forest Service is in agreement with scope of work, please sign your concurrence at the bottom of the addendum (or under separate letter) and return one copy to myself or Mike Kandarlis at the above noted address. If other changes are needed, please provide UMCC with a written response detailing these alterations so that they can be incorporated into our plans.

UMCC appreciates the willingness of the Forest Service to evaluate our project so that development work may proceed in a prudent and timely manner. Please contact me in Arizona if you have any questions.

Sincerely,

Peter Kandarlis
President, Uintah Mountain Copper Company

cc: Mike Kandarlis
Pam Cha
John Parsons

Proposal for Modification of POO: Addendum #3
Sunshine Quartz/Hematite Claims Project
Revision of Phase 1 Test Pit Plans for 1998 Onsite Development Work

Background

Approved Phase 1 test pit development activities were performed by Uintah Mountain Copper Company (UMCC) on the Sunshine Quartz/Hematite Claims during 1996 and 1997. The scope of this work included excavation of large volume hematite ore samples. During the work, an estimated 107 tons of ore were excavated from the Phase 1 test pit area, but only 46 tons were hauled off site to laboratory facilities. The bulk of the remaining ore was used as on-site backfill behind a gabion basket retaining wall since inadequate overburden was available for planned reclamation activities. It was UMCC's intent to remove this sample ore in the future when sufficient backfill was made available from overburden produced in other phases of development.

All information detailing this work has been forwarded to the Forest Service (USFS) via a UMCC engineering analysis report dated September 26, 1997, with the intent that the report should become part of the current UMCC Plan of Operation (and noted as Addendum #2).

Proposal

UMCC requests extension of approved Phase 1 activities to allow removal of test sample ore per the original intent of the planned work. The scope of work is detailed as follows:

- Excavate ore used as backfill behind gabion wall and left stockpiled on site (approximately 54 and 7 tons, respectively). Sample ore would be hauled from the claims property to UMCC laboratory facilities outside of the national forest. See Figure 1 for location of work.
- Excavate, haul and backfill compatible local rock and soil material from disturbed areas of the access road to fill and properly complete Phase 1 reclamation backfill per the original intent. UMCC and the USFS will jointly select backfill locations and materials once access to the site is possible after spring runoff.

Support Activities

Other development activities on the claims that need to be performed in 1998 include the following:

- Perform road clearing and maintenance activities for access to the claims properties. If acceptable, slide and slough material from the hillside may be utilized as replacement backfill behind the gabion wall.
- Repair and extend the gabion wall. Weather effects from off season snows and rains may result in some wall damage that must be repaired. Additionally, extending the wall along

disturbed road areas to the west and north will allow for creation of a more natural, long-term contour and help expand re-vegetation of the natural slide.

- Re-seed the contoured top of the gabion wall slope once new backfill is in place.

Other Activities

The 9/26/97 analysis report identified the following activities that UMCC should include in future phases of site development (including extended Phase 1 work for 1998). The work items are detailed in the report and are briefly summarized below (please review the background and justification for each item within the analysis report):

- Use 10-wheel, 12-ton trucks in lieu of proposed 5-ton dumps for short haul from the ore body to the camp site.
- Perform additional road stabilization work to prevent erosion of isolated road sections and provide for well-drained road surfaces.
- Include the possible use of temporary conveyors on the claims site and at the camp to move ore more effectively and reduce natural resource impacts.

Discussions subsequent to the issuance of the analysis report have identified that additional drilling (similar to that approved and performed in 1994 and 1995) would be of benefit to the ore body evaluation process. If additional drilling is performed in 1998, UMCC does not anticipate the need to build new roads for any 1998 drilling work, but would issue a written request for an addendum to the POO if such new access construction would be needed. Either horizontal drilling would be done from the existing access and spur roads, or portable drilling equipment would be back-packed or placed by helicopter. A spring on the claims has been used in the past for drilling fluid and would continue to be the source of water for this type of work.

Support Facilities

Facilities needed to support the claims development work include the 6.5 mile access road and camp site identified in the active POO. Beginning in 1978 and through the end of this year, UMCC has maintained and paid for continuous use of these facilities via annual special use permits. It is understood that the USFS has determined that, beginning in 1998, support facilities to be used by UMCC in the Ashely National Forest should be made part of the active POO (through this addendum) and no special use permits will be required for future continued use.

In 1978, UMCC exchanged grandfathered permits (originally established in the early 1950's) on a camp site near Moon Lake and a well-established access road (heavily used by recreationalists for entry to the High Uinta's Wilderness Area) for the present camp and road locations. These new support facility locations were selected by the USFS specifically for use by UMCC in their development of the Sunshine/Hematite Claims. A new road route was engineered by the USFS to the claims site and the road was paid for and constructed by UMCC in 1979-80. Since their inception, UMCC has provided and paid for all road and camp maintenance. Periodic reviews have been conducted by the USFS to determine the condition and maintenance of both

facilities, with UMCC performing any additional improvements as required by the USFS. The most recent reviews by the USFS indicate that both facilities are in compliance.

The road is approximately 6.5 miles in length and varies from 15 to 30 feet in nominal width within a 30-foot right-of-way. The unsurfaced access road extends west from FS Road 151 for about 3.3 miles then continues northwest to the claims for the remainder of the distance, climbing in elevation from 8070 feet to 10,400 feet with an average grade of 6½ percent. The road is within Sections 13, 14, 15 & 24 in T2N, R6W and Section 19 in T2N, R5W near the Slate Creek Canyon region of the Ashely National Forest (see active POO, Map 1).


Annual UMCC road maintenance activities include, clearing of fallen trees from drive paths, cleaning of water bars and drainage ditches, and clearing of slides. Disturbance of the road surface is avoided since the cover of natural grasses, rounded cobble rock and small vegetation provides excellent erosion and dust control. Access is controlled by the USFS, with locked gates at the entrance and along the roads at Mile 0.4 (just beyond the camp site) and Mile 5.8 (within the claims). Even though the road is part of the USFS system, maintenance continues to be paid for and performed by UMCC as long as an active permit or written authorization for use on claims development is in force. UMCC annual activities on the road occur from June through October, depending upon spring snowmelt/runoff and winter snowfall.

The 5 acre camp site adjacent to the access road and is ½ mile south of the Moon Lake dam and 0.3 miles west of FS Road 151 (southwest ¼ of Section 19 in T2N, R5W). Distribution telephone and electric lines cross through the site. The camp is occupied only during times of claims development activity, with portable tent and self-contained trailers used to house personnel. Domestic water is brought to the site as needed in small portable tanks or 5-gallon containers. Sewage is generally controlled in portable trailer tanks as needed (there is an infrequently-used outhouse onsite). Year-round structures include a portable tool trailer and a covered work/lunch table area. On the east edge of the site is an abandoned gravel pit not associated with the claims work. A temporary earthen dock was excavated in the pit for possible use with transfer of ore.

As documented in the active POO, the access road and camp site are needed to allow for development activities and safe work on the claims. The road is of adequate size and grade for travel by heavy equipment trailer trucks and 10-wheel dumps needed to support the proposed development activities. No substantial road improvements are anticipated for future activities by UMCC. The camp provides a location for proposed sample ore transfer from short-haul dumps to long-haul trailers, with clean and quiet power available for operation of future portable conveyor systems. Safety of the development operations is enhanced by the telephone line at the site (cellular phones are operable in only a few locations of the canyon). The camp also provides a safe place for daily operation and safety tailboard meetings, refuge from frequent storms, reliable temporary personnel housing facilities, and a safe temporary materials and equipment storage location.

Concurrence

The development work as noted in this addendum to the Plan of Operation (POO) defines the scope of activities planned by UMCC for 1998 at the Sunshine Quartz/Hematite Claims properties and incorporates use of the access road and camp site for all future work. By performing this work, UMCC will be able to postpone start of planned Phase 2 and 3 development activities until the summer of 1999 and provide the USFS ample time to initiate and complete Environmental Assessment work deemed necessary for these future development phases.



Peter Kandaris, President,
Uintah Mountain Copper Company

12/4/97

date

The work defined herein for 1998 is acceptable and may proceed as described:



Joseph R. Bistrski, District Ranger
Duchesne Ranger District

12/22/97

date

